



**DRAFT**

**CITY OF SCOTTSDALE HOUSING BOARD  
REGULAR MEETING  
ONE CIVIC CENTER  
3RD FLOOR CONFERENCE ROOM  
7447 EAST INDIAN SCHOOL ROAD  
SCOTTSDALE, ARIZONA  
DECEMBER 13, 2005**

**PRESENT:** Joe Priniski, Vice-Chairman (arrived at 5:14 p.m.)  
George Leonard, Board Member  
Gary Morgan, Board Member  
Sheldon Sigismund, Board Member  
Michele Swinick, Board Member (arrived at 5:05 p.m.)

**ABSENT:** Del-Monte Edwards, Chairman  
George Sutherland, Board Member

**STAFF PRESENT:** Molly Edwards

1. **CALL TO ORDER/ROLL CALL**

The regular meeting of the Scottsdale Housing Board was called to order by Vice-Chairman Priniski at 5:15 p.m. A formal roll call confirmed the members present as stated above.

2. **REVIEW AND APPROVAL OF PREVIOUS MINUTES**

November 8, 2005 Housing Board Meeting

Board Member Leonard requested that all references to Commissioner throughout the Minutes be changed to Board Member (pgs. 2, 3, 5). Board Member Morgan pointed out that when discussing condo conversions at the previous meeting, reserve accounts was discussed and should be noted on pg. 3, paragraph 6. He requested that funding provisions for deferred and ongoing maintenance be included in the sentence beginning with...Highlighting points.

**BOARD MEMBER LEONARD MOVED FOR APPROVAL OF THE NOVEMBER 8, 2005 HOUSING BOARD MEETING MINUTES AS AMENDED. BOARD MEMBER MORGAN SECONDED THE MOTION, WHICH CARRIED UNANIMOUSLY BY A VOTE OF 5 (FIVE) TO 0 (ZERO).**

3. **CONTINUED DIALOGUE TO FINALIZE CONDO CONVERSION TIMELINE AND FOLLOW-UP FROM HOUSING BOARD RETREAT**

The Housing Board has to develop a timeline identifying the completion of the condo-conversion report for the City Council. Housing Board is to address any outstanding items regarding condo conversions.

Molly Edwards suggested that the Board focus on what things they want to accomplish with the Condo Conversion Report, in order to prepare a manageable calendar for accomplishing the main goal of completing the Condo Conversion Report by the June, 2006 deadline.

Ms. Edwards noted Chairman Edwards previous request that a draft report for City Council be completed by April and suggested that the Board stick with that date as a realistic goal.

**Condo Conversion vs. Workforce Housing:**

Board Member Sigesmund commented that Board Members seem to be focusing on the phraseology of the condo conversion timeline, pointing out that the two issues involved are: 1) what's going on with the conversion of apartments to condominiums and the rapid disappearance of rental accommodation in Scottsdale; and 2) the affordability of workforce housing. Board Member Sigesmund suggested that some of the extensive issues not dealing with condo conversions should be addressed in order to provide answers for the Council.

Ms. Edwards stated that she is not in disagreement and that she is trying to focus on the research efforts that were started last summer. The Board can do a separate report regarding workforce housing at any time. The City Council is currently expecting a report on condo conversion from the Housing Board in order to address the disappearance of rental units in Scottsdale.

Board Member Sigesmund suggested that some reference should be made to a second report in the initial Condo Conversions Report, informing the Council that these other issues will be covered at a later date. He identified that the initial report is just the beginning of the answer to the question: How can employees of Scottsdale afford to live in Scottsdale?

Ms. Edwards remarked that if the Board is willing to take a step back and tackle affordable housing on a broad sense, the entire direction will change. Discussion ensued about the overlapping of the two different issues.

Ms. Edwards suggested that the Board would need to establish condo conversions as a research effort, and then prepare a separate white paper. Vice-Chairman Priniski recalled that everyone agreed at the last meeting, to tackle the condo conversions topic as a priority. Board Member Sigesmund agreed.

Ms. Edwards recommended that a separate white paper or note from the Housing Board be prepared that states the Board's position.

Board Member Morgan mentioned that the Council has access to review the Housing Board Minutes and that Ms. Edwards also provides a Staff Report outlining what the Housing Board is doing and what they are involved with. Discussion ensued about the possibility of highlighting the Board's broader ideas on workforce housing (as put forth in the five-year plan) in the Staff Report.

Ms. Edwards stressed the importance of providing some level of action when the Board addresses the workforce housing issue with Council.

Upon inquiry by Board Member Morgan regarding the best approach for dealing with Council, Ms. Edwards noted that she has read newspaper articles and heard that the Council's desire is to see what options and opportunities exist for workforce housing. She recalled that workforce housing, with respect to worker level housing, and live/work environments, has been on the Council's Agenda for the last couple of years. She further noted that the Housing Board is the expert for City Council, which looks to the Board to provide insight on workforce housing.

Ms. Edwards further noted staff cannot work on a specific topic unless the leaders provide that direction. By focusing on individual topics, the Housing Board can form specific issues into microcosms.

Discussion ensued about the origin of the condo conversion question. Board Members recalled that newspaper articles, various discussions, and calls from displaced individuals initiated the question. Discussion identified that the Board has currently prioritized doing a white paper and action on condo conversions, and that the next priority might be a white paper on workforce housing in order to put things in motion. Discussion also confirmed that condo conversions and workforce housing are not connected.

Vice-Chairman Priniski reported that it was evident in the One Scottsdale dialogue between attending Council members, that workforce housing is a major priority. Ms. Edwards reiterated that the Board should do something to get it on the Council's radar screen and suggested that the Board pool their resources and form a subcommittee to meet, and continue researching/gathering statistics.

#### **Tasks To Be Completed:**

Ms. Edwards explained the components of a white paper, which include: Summary, Introduction, Statistics, Base of Argument, and Suggested Recommendations. She requested that Board Members comment on each component.

Board Member Morgan noted that a subcommittee spent all summer long writing and preparing a draft of the white paper that include all of the components with the exception of the statistics. Board Member Swinick noted that some of that information is dated since a variety of things have transpired and the market has changed since that research was completed.

Board Member Morgan agreed and suggested that the document be updated.

### ***White Paper Format***

Board Member Sigismund inquired about the length of a normal City of Scottsdale white paper, considering that different businesses/organizations' white papers vary. Ms. Edwards noted that the Housing Board's white paper can be up to 15 pages long depending on the topic.

Ms. Edwards reported that she would bring a draft white paper in the appropriate format that the Board can then go through, section by section and start filling in the gaps. She will also begin the process of applying for City Council's April agenda.

### ***Statistics***

Board Member Morgan identified the need to go back to the information provided by Pete TeKampe regarding how many conversions there are, status, and as much information as can be obtained, in order to update the information in the statistics category.

Ms. Edwards noted that she emails Board members any statistical information she receives. The Board needs to review the statistics as provided by Pete TeKampe (how many units are in the market right now) and then extract the number of units that are being removed/converted (provided by Cheryl Sumners).

Ms. Edwards suggested that the Board needs to determine the meaning of the calculations. Outside investors are buying up units and displacing 2,000 people. She identified questions: Where do they go? What concessions are provided, supply and demand, and increased market rate?

In response to inquiry by Board Member Morgan regarding condo conversion applications being submitted to the Building Department, Ms. Edwards confirmed that the Board may have to do a public records request in order to receive all of the Applications.

Upon further discussion, the Board discussed the fact that there is no database available, and identified that some statistics are available in order to draw conclusions, but there is not enough information to certify the conclusions as being correct. Board Members agreed that the Board's recommendations should include requiring the City to provide a comprehensive database that logs necessary information such as: the number of units being converted, conversion dates, building standards, and required property inspections.

### ***Raising Awareness***

Board Member Sigismund noted the State law mandating that any law cannot be applied to a condo conversion that would not have been applied prior to the conversion. Board Member Leonard opined that efforts could be expended to try

to change some of the requirements in order to make them more reasonable based upon what is occurring in the market place.

Ms. Edwards suggested that the Board needs to think of itself as an entity that can provide some level of change by providing information. She referenced Chairman Edwards efforts in educating people about the Board. She encouraged that the Housing Board can impact the negative externalities that are resulting from the condo conversions and suggested that the Board look at both sides of the issue and think outside of the box.

Further discussion regarding the white paper and how it should be used concluded that it is a tool used to sell and raise awareness.

**Timeline—Condo Conversions & Creating a White Paper:**

Ms. Edwards reiterated that the white paper is the selling point and a timeline for the next four months is outlined:

<b>JANUARY</b> <ul style="list-style-type: none"><li>• Ms. Edwards is to provide the Board with a draft white paper and packet for review prior to the meeting (statistics incorporated)</li><li>• Review comments at meeting</li><li>• How should the City regulate future condo conversions</li></ul>
<b>FEBRUARY</b> <ul style="list-style-type: none"><li>• Submit draft of white paper to Ed Gawf &amp; Frank Gray for review</li><li>• Ed Gawf &amp; Frank Gray attend Housing Board meeting to discuss white paper</li></ul>
<b>MARCH</b> <ul style="list-style-type: none"><li>• Final comments incorporated into white paper</li></ul>
<b>APRIL</b> <ul style="list-style-type: none"><li>• White paper goes to City Council (end of month after the April meeting)</li></ul>

Board Member Morgan expressed the importance of obtaining comments from major departments, opining that Frank Gray and Ed Gawf would provide excellent input.

Board Member Swinick suggested that once changes in the market have been confirmed in January's meeting, specific tasks/research should be assigned to each Board Member to be accomplished by the February meeting.

Board Member Morgan suggested that the Board needs to understand the current 12 projects that are in the conversion process. Ms. Edwards agreed and noted that the Board needs to also use the other resources discussed at the retreat along with individuals such as Pete TeKampe. Mr. TeKampe prepares quarterly reports for the AMA explaining how many units are in the market and what dictates rent increases.

Discussion ensued regarding the number of current projects and future projects looming as a possible candidate for condo conversion over the next two years. Ms. Edwards agreed to obtain the list of all of the conversions in process, promised by Pete TeKampe.

Ms. Edwards suggested that the Board identify the question the Board is trying to answer with this information. She also suggested that the Board answer the question of **how should the City regulate future condo conversions**, and then tie-in the need for a comprehensive database, zoning codes, safety, and affordability.

Board Member Sigesmund suggested that perhaps the approach should be how the City should regulate condominium construction. Discussion followed regarding the existing building code requirements.

Ms. Edwards recommended that the Board decide how much detail to address. Board Member Swinick opined that condo conversion is a problem wherein zoning and safety codes are not being enforced.

Ms. Edwards suggested that Board Members visit some of the condo conversion projects, and then write about their experiences and recommendations in the white papers.

4. **UPDATE FROM BOARD MEMBERS ON THE RECENT CRA (Community Reinvestment Act) CREDITS ROUND TABLE**

Housing Board members and staff attended an informational seminar on CRA credits. This will provide a brief overview of the conference for the board members who attended.

Board Members Morgan and Leonard, along with Ms. Edwards, noted that they attended the recent CRA Credits Round Table meeting. Board Member Morgan reported that a great deal of information was presented, demonstrating how complicated the whole process can be. He observed that many other surrounding towns are already involved in the process of creating innovative tools for financing and funding of affordable housing, including workforce and senior housing projects.

In response to inquiry by Vice-Chairman Priniski regarding available reinvestment credits, Board Member Leonard explained how one person is dedicated to a specific funding project, working with community development

corporations and financial institutions, in order to create affordable housing. The bank is required to create a specific number of mortgages. The percentage is a function of the population breakdown within the assessment area.

Ms. Edwards noted that Scottsdale only has two very low-income census tracts that she is aware, one of which is Holiday Park and the area near Minezona. Both areas are being reinvested and people are buying into them.

Discussion ensued regarding affordable housing. Upon suggestion by Board Member Sigesmund, Board Member Morgan requested that the Arizona CRA Roundtable November 15, 2005 agenda be attached to the Meeting Minutes.

5. **CHAIRPERSON'S REPORT**

Chairman Edwards was not in attendance to provide a report.

6. **STAFF REPORT**

Ms. Edwards comments that there is nothing to report at this time.

7. **FUTURE AGENDA ITEMS**

Vice-Chairman Priniski noted that the Board outlined its future agenda earlier in the meeting. Board Member Morgan suggested that the Board needs to become more educated on the duties and responsibilities of the City Office of Economic Development and how it is involved in the housing issues. Vice-Chairman Priniski noted that such is taken under advisement for future agenda.

8. **OPEN CALL TO THE PUBLIC** (A.R.S. § 38-431.02)

No members of the public wished to address the Board.

9. **ADJOURNMENT**

With no further business to discuss, being duly moved and seconded, the meeting adjourned at 6:43 p.m.

Respectfully submitted,  
A/V Tronics, Inc.